

comment, EPA will issue no final order assessing a penalty in this proceeding prior to thirty (30) days from the date of this notice.

Dated: June 5, 1996.

Delores J. Platit,

Acting Regional Administrator.

[FR Doc. 96-16011 Filed 6-21-96; 8:45 am]

BILLING CODE 6560-50-M

FARM CREDIT ADMINISTRATION

Farm Credit Administration Board; Special Meeting

AGENCY: Farm Credit Administration.

SUMMARY: Notice is hereby given, pursuant to the Government in the Sunshine Act (5 U.S.C. 552b(e)(3)), of the special meeting of the Farm Credit Administration Board (Board).

DATE AND TIME: The special meeting of the Board will be held at the offices of the Farm Credit Administration in McLean, Virginia, on June 25, 1996, from 9:00 a.m. until such time as the Board concludes its business.

FOR FURTHER INFORMATION CONTACT: Floyd Fithian, Secretary to the Farm Credit Administration Board, (703) 883-4025, TDD (703) 883-4444.

ADDRESS: Farm Credit Administration, 1501 Farm Credit Drive, McLean, Virginia 22102-5090.

SUPPLEMENTARY INFORMATION: This meeting of the Board will be open to the public (limited space available). In order to increase the accessibility to Board meetings, persons requiring assistance should make arrangements in advance.

The matters to be considered at the meeting are:

Open Session

A. *Approval of Minutes.*

B. *New Business—Regulations.*

1. Capital (Phase II) [12 CFR Part 615] (Final).

2. Eligibility and Scope of Financing [12 CFR Part 613] (Final).

Dated: June 19, 1996.

Floyd Fithian,

Secretary, Farm Credit Administration Board.

[FR Doc. 96-16057 Filed 6-19-96; 8:45 am]

BILLING CODE 6705-01-P

FEDERAL DEPOSIT INSURANCE CORPORATION

Amendment to Statement of Policy Regarding Independent External Auditing Programs of State Nonmember Banks

AGENCY: Federal Deposit Insurance Corporation (FDIC or Corporation).

ACTION: Statement of policy.

SUMMARY: As part of the FDIC's systematic review of its regulations and written policies under Section 303(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (CDRI), the FDIC is amending its policy statement regarding independent external auditing programs of state nonmember banks (Policy Statement). These amendments remove an inconsistency between the Policy Statement and another policy that was later approved by the FDIC Board of Directors and eliminate a reference to another FDIC policy which has been superseded. The amendments also add a paragraph referencing a statutory requirement enacted since the Policy Statement's adoption and renumber the subsequent paragraphs of the Policy Statement.

EFFECTIVE DATE: June 24, 1996.

FOR FURTHER INFORMATION CONTACT:

Doris L. Marsh, Examination Specialist, Division of Supervision, (202) 898-8905, or Sandra Comenetz, Counsel, Legal Division, (202) 898-3582, FDIC, 550 17th Street NW., Washington, DC 20429.

SUPPLEMENTARY INFORMATION: The FDIC is conducting a systematic review of its regulations and written policies. Section 303(a) of the CDRI (12 U.S.C. 4803(a)) requires each federal banking agency to streamline and modify its regulations and written policies in order to improve efficiency, reduce unnecessary costs, and eliminate unwarranted constraints on credit availability. Section 303(a) also requires each federal agency to remove inconsistencies and outmoded and duplicative requirements from its regulations and written policies.

As part of this review, the FDIC has determined that the Policy Statement needs several amendments to eliminate inconsistencies and outmoded requirements.

The Policy Statement was adopted by the FDIC Board of Directors on November 16, 1988, and published on November 28, 1988, 53 FR 47871. The Policy Statement states that the FDIC strongly encourages each state nonmember bank to adopt an external auditing program that includes an annual audit of its financial statements by an independent public accountant. However, the Federal Deposit Insurance Corporation Improvement Act of 1991 added Section 36 to the Federal Deposit Insurance Act. Section 36, and its implementing regulation at 12 CFR Part 363, requires all insured depository institutions with \$500 million or more in total assets at the beginning of their fiscal year to have an annual audit performed by an independent public accountant and to have an audit

committee entirely consisting of outside directors who are independent of management. A new paragraph 3 has been added to the Policy Statement describing these and certain related requirements for larger institutions and the existing paragraphs 3 through 15 have been redesignated paragraphs 4 through 16.

In addition, the Policy Statement advises applicants for deposit insurance that they will generally be expected to commit their bank to obtain an audit of its financial statements by an independent public accountant annually for at least the first *three* years after deposit insurance is granted [emphasis added]. Original footnote 2 to the Policy Statement refers to a June 24, 1987, FDIC policy statement on deposit insurance applications by operating non-FDIC insured institutions.

However, newly insured institutions generally present greater risks to the deposit insurance funds than operating insured institutions which have been subject to ongoing supervision by the applicable federal and state regulators. In addition, a statement of policy on Applications for Deposit Insurance was adopted by the FDIC Board of Directors on April 7, 1992, 57 FR 12822, which superseded the referenced 1987 policy statement. The 1992 policy statement states the FDIC's belief that an annual audit by an independent public accountant should be an integral part of the safe and sound management of a depository institution. As a result, applicants for deposit insurance coverage are expected to commit their depository institution to obtain an audit by an independent public accountant annually for at least the first *five* years after deposit insurance coverage is granted [emphasis added]. Thus, this Policy Statement must be amended to be consistent with the more recent statement of policy on Applications for Deposit Insurance. A reference to the 1992 applications policy replaces a reference to the rescinded policy statement in footnote 2.

Discussion of Amendments

A new paragraph 3 is added to the Policy Statement to explain the audit and audit committee requirements for all insured depository institutions with \$500 million or more in total assets as a result of the addition of Section 36 to the Federal Deposit Insurance Act in 1991. Thus, the original paragraphs 3 through 15 have been redesignated paragraphs 4 through 16. In renumbered paragraph 11 of the Policy Statement, the word "three" is replaced with the word "five" because newly insured